

Statement by Secretary Designate Tommy G. Thompson

U.S. Senate Health, Education, Labor, and Pensions Committee

January 2001

Mr. Chairman and members of the Committee, I am humbled and honored to be sitting before you today. I thank you for your consideration of my nomination to be President-elect Bush's Secretary of the Department of Health and Human Services.

To my friends and colleagues and the members of this committee who have extended their support and very kind words, please accept my heartfelt thanks for your kind introductions and remarks.

For those here who may not know much about me, let me give you some insight by saying this: Welfare reform. Health care reform. Long-term care for seniors. Greater opportunities for the disabled. Helping the poor find work and helping the working poor find reward in their efforts. Biotechnology and scientific research. I am passionate about these issues. And we have worked hard on them.

These are issues I have dedicated 35 years of public service to solving, the last 14 as governor of my great state of Wisconsin. And, should I be confirmed, I will continue to dedicate myself to working with you and the President-elect to address these challenges.

If we have learned anything in the past year, it is that our citizens are clamoring for action to deal with some of the most critical issues affecting their day-to-day lives. Modernizing Medicare, providing access to a prescription drug benefit, improving access to quality healthcare for all Americans, taking welfare reform to its next level – these are not partisan issues. These are issues that are fundamental to the health and well being of our country, and more importantly, to the people we serve.

These are not easy tasks. But solving tough issues is why I got into this business. I know it's why President-elect Bush sought his job. And I am sure it's why each and every one of you is sitting here today.

Like the President-elect, I have spent my career bringing people together, plotting a course of action, and moving forward. In fact, the motto of Wisconsin is *Forward!* And I believe that is the

direction I have taken my great state. Now, I hope to bring that spirit with me to Washington. I hope that we can sit down, work together regardless of party, and move this great nation forward.

The Department of Health and Human Services has enormous responsibilities. Its programs can touch every life in this country from birth through the golden years. HHS runs over 300 programs that include providing health care to our seniors, nutrition services for women and children, and groundbreaking research conducted by the National Institutes of Health. The Department is entrusted with the second largest budget in the federal government.

I know that this committee understands that well. The legislation affecting HHS that has come out of this committee has transformed the social contract in this country. The “Health Insurance Portability and Accountability Act” and the “Americans with Disabilities Act” were forged in this very room, and were ultimately passed with overwhelming bipartisan support.

But I’ll tell you right now, if I am fortunate enough to be confirmed by this body, we’ve got a lot of work ahead of us, and I will be knocking on each and every one of your doors for your ideas and assistance. Let me touch briefly on some of the most pressing issues we face.

### **Medicare**

Medicare has been firmly and permanently stitched into the fabric of American society. It is a vital component of our social contract with America’s senior citizens. Our charge is to ensure its continued vitality and viability.

The first principle that we must all agree upon is that today’s seniors be guaranteed the level of care and benefits they currently enjoy. But we must not stop there. Medicare is failing to meet the needs of our seniors and is not allowing them to reap the benefits of the tremendous advances in medicine and technology we are witnessing today.

We must face reality and be pragmatic. Any organization that does business the same way it did 35 years ago is obsolete. As the baby boom generation approaches retirement, even greater demands will be placed on Medicare. And I do not mean just financial demands. We see it across every agency – we now live in a world of up-to-the-minute information and round-the-clock service in the private sector. We should accept no less from our government.

But our commitment to Medicare must extend to future beneficiaries as well as those who rely upon it today. While the Trust Fund will remain solvent until 2025, what happens after that? To wait for a crisis simply makes the task more difficult and is unfair to our children and grandchildren.

I know that Congress has taken Medicare reform very seriously in recent years. Both sides of the aisle have devoted a great deal of time and energy to studying the challenges faced by the Medicare program. The National Bipartisan Commission on the Future of Medicare made significant progress in addressing this issue. That is a good place for us to start. You have laid the groundwork. Now it's time for us to take the next bold step and begin the process of modernizing Medicare and putting it on firm financial footing.

### **Prescription Drugs**

An integral part of a modernized Medicare will be to provide all seniors with access to prescription drugs. The great advances our nation is making in science and medicine is producing an array of life-saving drugs. But the costs of these drugs are beyond the reach of too many of our citizens, particularly seniors who need these drugs most. While comprehensive reform may take some time to achieve, the American people are demanding a prescription drug benefit today. We must move immediately to help millions of low-income senior citizens who cannot afford the life preserving prescription drugs they so desperately need.

When Medicare was created in 1965, health care was focused on hospital stays and physician visits. The world simply did not have or even envision the drugs that are now substitutes for surgery. Access to these drugs can save and improve the quality of countless lives. President-elect Bush made this a top priority in his campaign and it will be a top priority in his Administration. I know this is a top priority for members of this committee as well, so I am eager for the opportunity to work with you in solving this problem quickly and effectively.

### **Access to Quality Healthcare**

As we found in Wisconsin, lack of access to affordable health care is a serious problem, especially for the working poor. Although personal health care expenditures now exceed \$1.3 trillion or 13 percent of our gross domestic product, more than 42 million Americans are still uninsured. That is unacceptable.

As far back as when I was in the state legislature, I started thinking about the role government should play to help those folks out there working hard for minimum wage, supporting their families, and who just couldn't afford health insurance. When I was elected Governor, I worked closely with the legislature to develop a new approach to solving this problem. The result is BadgerCare, a program that provides health care for low-income working families who make too much money to qualify for Medicaid, but can't afford insurance on their own. Over 77,000 people were enrolled in this program by the end of 2000. And it has helped us maintain our status as one of the best states in the nation providing health coverage for its citizens, as 94% of Wisconsinites currently have health insurance. The success of this program is one my proudest achievements as governor.

Now, is BadgerCare the answer for everyone? I would like to think so, but the truth is, there is no cure-all for every issue that government faces. But it underscores the potential for a bold new

partnership between the federal government and state governments, and the tremendous good that can come from better teamwork between the two governments. What we need to do is allow states to take the lead and develop exciting, innovative programs that work for their citizens, and hold them accountable for the results. We must encourage innovation and reward success, but we must also recognize that the needs of Madison are fundamentally different than the needs of Los Angeles. Throwing up roadblocks and stifling creativity will only hurt the people we most want to help.

Now don't get me wrong. I'm not saying the federal government should just step aside and cede all authority and power over these programs to the states. It shouldn't. The federal government plays an important role in overseeing federal programs and the use of federal taxpayer dollars. But the federal government does not need to be heavy-handed or locked into a one-size-fits-all solution. The federal government can be more trusting of states and more open and willing to work with them in solving problems.

The federal government should give states the flexibility to develop programs that meet those high standards in a manner that is efficient and cost-effective. And the federal government should hold states accountable in exchange for greater flexibility, and step in when states aren't measuring up to expectations. Giving states greater flexibility under the State Children's Health Insurance Program (SCHIP) is part of this solution.

This philosophy is one I have advocated for years, as many of you know. But it is one that forges a stronger partnership between the state and federal government for solving tough societal problems more effectively. Building these partnerships can help us achieve success in reforming our welfare and Medicaid systems.

We must also preserve the private health insurance market and work with states to put health insurance within reach of working families through a series of commonsense measures to increase the

affordability and the availability of insurance. President-elect Bush made this a cornerstone of his campaign, proposing measures that will allow small employers to band together to enjoy the same economies of scale that larger employers enjoy and providing tax credits to low-income families to assist them in purchasing private health coverage. Furthermore, it is critical we do not ignore those who are most vulnerable and without access to care. The medically underserved who live in our inner cities and rural communities often lack access to basic primary care. We must strengthen our health care safety net by supporting our community health centers and forging public-private partnerships to assist our hospitals and providers who serve these communities.

### **Workforce Development**

Another task we will face, should I be confirmed, is the reauthorization of the “Personal Responsibility and Work Opportunity Reconciliation Act of 1996.” People refer to this as welfare reform, but we didn’t reform the old welfare system. We replaced it with something entirely new.

The changes to the welfare system that I began in Wisconsin and that has spread throughout the country, has been the single most effective job program we have ever seen. I don’t have a Welfare Department in Wisconsin. I have a Department of Workforce Development.

Before we embarked on changing welfare in Wisconsin, I had a luncheon at the Governor’s Residence with the very people whom the programs were intended to serve—mothers who were on welfare.

I asked them what the major barriers to leaving welfare were and we set out to design the program around their major needs. Our program, called Wisconsin Works or W-2, provides the support necessary for individuals to enter the workforce. For those who still need assistance, we provide

financial and employment planners, transportation assistance, job access loans, childcare assistance, and access to health care.

I have always said – as loudly and publicly as I can – that for welfare reform to be successful, you have to make an investment up front. It can't be done on the cheap. The savings to taxpayers – and they are substantial savings – come on the backend as public caseloads decline. Perhaps nowhere has the public payoff for a taxpayer investment been more evident than in the fundamental changes we have made to the welfare system in this country.

As an example of the success, I'd like to share a portion of the most moving letter I have received congratulating me on my nomination. It came from a woman I first met at a luncheon at the residence. Leilani Duarte wrote, W-2 "has enabled people to better their lives and to support their families...Thank you Governor Thompson for the creation of the W-2 program and believing in me." That is the most important action we have taken to date – believing that those we are serving can succeed.

But now it's time to consider the next steps in this process. We must face head on the huge challenges faced by those still receiving direct benefits. As you know, these are often the people with significant health problems or people struggling with substance abuse. We must make a concerted effort to reach these people and provide compassionate, caring assistance.

And we also have a duty to those families who have successfully moved into the workforce. We must do everything in our power to help them continue to move up the ladder of economic success.

Another important step is to sound the call to recruit what President-elect Bush has called the "armies of compassion." Faith-based communities are closest to those who have the most need of government services. Serving these communities is a responsibility that can and should be shared to



reach the greatest number of people in the most compassionate and effective way. Many of these efforts are not just about offering a program or service but about transforming lives.

One lesson we have learned in Wisconsin from the changes to the welfare system is that government alone can't help families succeed. It takes the concentrated effort of government, employers, educators, family and friends, churches and the community.

### **Public Health and Science**

The federal government has always played a central role in protecting the health of the nation. The roots of the Public Health Service can be traced back to 1798 when steps were taken to stop the spread of disease from seaport to seaport. As America faced different public health crises throughout its history, new agencies with new missions were created to protect the public and prevent the spread of disease.

Medical science stands at the threshold of research advances not even imagined just a decade ago. Government has played a critical role in supporting basic research and science to unlock the mysteries of the human body.

We are in a new age of discovery. What is inside of us is as wondrous and awesome as the universe. Each day brings us ever closer to the scientific breakthroughs that are the keys to preventing and treating a host of diseases affecting patients and their families including, cancer, AIDS, Parkinson's disease, and mental illness. To fuel this research, President-elect Bush has pledged to complete the goal of doubling the budget of the National Institutes of Health by 2003. The investment we make in basic and clinical research is a commitment we must fulfill to improve the lives of all Americans.

We also must strive to bring greater focus and resources to reduce the health disparities that persist in this country for minority and underserved communities. Great disparities continue to exist in

health outcomes and life expectancy for too many in this country. We must continue making strides in the fight to improve women's health by pursuing comprehensive strategies that foster research, education, and access to care for women and their children. Cardiovascular disease and breast cancer remain as leading causes of death among women in this country. Osteoporosis is a major public health threat for more than 28 million Americans, 80% of whom are women. Rates of childhood asthma, obesity, and diabetes have risen alarmingly. All too often, these disparities can be dramatically reduced through targeted research, education, and prevention efforts. I will work to reduce these disparities in my tenure at the Department of Health and Human Services and to implement the laws passed by Congress this past year to improve women's health, foster minority health research, and support children's health research and prevention programs.

### **Improving the Quality of Health Care**

Improving the health of Americans also means protecting their rights to quality health care. Often we find that progress comes with a price. As health care has become more advanced and complex, it brings concerns about rising costs, availability of medical care, reducing medical errors, and protecting the privacy of patient medical information. We have placed competing demands on patients, providers, and payers. Managing care brings benefits to individuals and the system as a whole. But patients deserve to have rights in the health care system and to know they will receive high quality care that is available to them when they need it most.

In our states, President-elect Bush and I have both acted to support patients' rights to the treatment they need and to allow medical decisions to be made by patients and their doctors. We must be careful not to override the good work of states like Texas and Wisconsin. If confirmed, I will work with President-elect Bush to bring our experience to help forge a bipartisan agreement on managed care legislation that ensures patients receive medically necessary treatment and allows them to hold health

plans accountable when they are denied medical care. Patients should be assured of a meaningful and appropriate remedy when they are wrongly denied care. We must also be mindful not to drive up health care costs by the pursuit of unnecessary lawsuits, particularly against employers who voluntarily offer health coverage to millions of Americans. I look forward to working with the members of this committee and the President-elect on reaching an agreement on this legislation this year.

### **Reforming the Department**

We have much work to do on programs that currently exist. But in addition to the programs, the Department itself must be reformed to address the needs of its clients in the 21<sup>st</sup> Century.

As many of you know, I have spent much of my career fighting the bureaucracy in Washington. Wisconsin has sought more waivers from federal programs than any other state. Now, it's time for me to put up.

If I am confirmed, I will make sure the Department always places the highest priority on serving its many constituents -- families, children, seniors, patients, the disabled, providers, and states. I will work to streamline the maze of rules and regulations that these constituencies face when seeking assistance from their federal government.

In all my years as Governor, I have never stopped asking if we are doing things the best way. And, if confirmed, I won't stop now. The retort: "Because that's the way it's always been done" is not acceptable to me.

One clear example is the Health Care Financing Administration. HCFA's role has been continually expanded over the last several years, charged with administering increasingly complex programs. HCFA faces tremendous demands and challenges as an agency, administering a budget estimated to reach \$340 billion in FY 2001 to provide health care for more than 70 million Americans.

But patients and providers alike are fed up with excessive and complex paperwork. Rules are constantly changing. Complexity is overloading the system, criminalizing honest mistakes and driving doctors, nurses, and other health care professionals out of the program. HCFA needs a thorough examination of its mission, the competing demands, and the available resources. HCFA is called upon time and again to face new challenges. We need to assure that as an organization, it has the tools it needs to succeed.

### **Conclusion**

It is inspiring to see a leader in President-elect Bush who isn't afraid to call all of us to action on a bipartisan basis as we address these difficult problems. A leader who recognizes that government alone can't reduce poverty or solve societal ills. It takes all of us working together as partners, including the faith community.

If you should see fit to approve my nomination, it will be an honor to serve the president and work with you as we aggressively seek to make the lives of millions of Americans better, and restore hope and opportunity for those who have been left behind in this great country.

As I've always said: a person of compassion is one of action, not words. Compassion means being bold and caring enough to act to solve societal problems. Therefore, I respectfully seek your confirmation of my nomination so I can begin working with President-elect Bush and you to tackle problems facing the citizens of America. This is going to be a time of action in America, and I would be proud to be a part of it.